Government of Saskatchewan

Annual Report 2001

Agriculture, Food and Rural Revitalization

Agricultural and Food Products Development and Marketing Council

(Saskatchewan Agri-Food Council)

102-05860/

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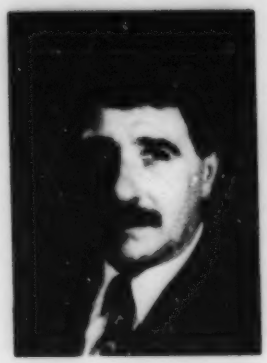


MESSAGE FROM THE MINISTER

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:.

In 2001, the Saskatchewan Agri-Food Council, along with the 10 producer-run boards and commissions, continued to work towards the development of both strong and competitive agriculture and food industries in the province.

These producers groups are to be commended for their ongoing efforts in positioning their respective sectors for long-term sustainability and growth. Over the past year they have engaged in important marketing, research and development activities, strengthened the knowledge and skill base of their producers and worked as a unit to address an array of challenges concerning the orderly marketing of Saskatchewan agriculture and food products.

The Saskatchewan Agri-Food Council, in its regulatory and advisory role, is also to be acknowledged for responsibly monitoring the 10 Saskatchewan agencies and providing ongoing leadership in the regulation, promotion and development of agricultural and food product marketing.

I applaude both the Council and its agencies for successfully maintaining their active roles. Your dedication and commitment has assisted our agriculture industry in continuing to prosper, as well as contribute to this province's economy and the well-being of its people.

I am pleased to submit the 2001 Annual Report of the Saskatchewan Agri-Food Council.

Respectfully submitted,

Clay Serby

Clay Serby
Deputy Premier
Minister of Agriculture, Food and Rural Revitalization

LETTER FROM THE COUNCIL CHAIRPERSON

Honourable Clay Serby, Deputy Premier
Minister of Agriculture and Food
Legislature of Saskatchewan

Dear Minister Serby:

It has been a privilege for the Saskatchewan Agri-Food Council to work with and support the initiatives of the ten producer-run boards and commissions operating under The Agri-Food Act.

In fulfilling its regulatory and advisory role, the Saskatchewan Agri-Food Council has come to respect and value the contributions of Saskatchewan's marketing and development agencies in advancing our agriculture and food industry, strengthening the economic base of our province, and providing consumers with top quality agri-food products.

In accordance with section 21 of The Agri-Food Act, I submit herewith the Annual Report of the Saskatchewan Agri-Food Council for 2001.

Respectfully submitted,

Garf Stevenson

Garf Stevenson, Chairperson 2002

SASKATCHEWAN AGRI-FOOD COUNCIL

Established in 1990[1], the Agri-Food Council (Council) regulates and monitors the activities of marketing and development agencies in accordance with The Agri-Food Act (the Act). Council plays both a regulatory and a supervisory role.

Producer operated boards and commissions, which collect either voluntary or mandatory levies used for research, development and marketing initiatives are governed by this Act.

Council supervises compliance of boards and commissions with the terms and conditions of the Act, advises and updates the Minister of Saskatchewan Agriculture and Food on the operations and administration of agencies governed by the Act, and makes recommendations to the Minister.

As part of its regulatory role, Council reviews proposed marketing and development plans, determines whether public meetings or hearings should be called in respect to the proposed plans, conducts producer votes and makes recommendations to the Lieutenant Governor in Council or the Minister on whether to amend or terminate such plans. Council also approves all marketing board, development board and development commission orders to ensure compliance with the Act.

Council also investigates and mediates complaints or disputes concerning policies and actions of boards and commissions.

As an advisor, Council works with producer groups interested in establishing development or marketing agencies and consults with agencies on issues relating to federal-provincial marketing agreements.

In all its activities, Council is guided by the following basic values and principles:

- **leadership in developing and supporting competitive agriculture and food industries;**
- **open, fair and decisive undertakings under the authority of the Act;**
- **accountability for actions affecting the public interest;**
- **positive communication and consultation amongst participants;**
- **compliance with orders and regulations under the Act; and**
- **active development of opportunities to fulfill Saskatchewan's agricultural and food production and marketing potential.**

Council is currently responsible for monitoring 10 Saskatchewan agencies, including:

- Saskatchewan Alfalfa Seed Producers Development Commission;
- Saskatchewan Broiler Hatching Egg Producers' Marketing Board;
- Saskatchewan Canola Development Commission;
- Chicken Farmers of Saskatchewan;
- Saskatchewan Egg Producers;
- Saskatchewan Flax Development Commission;
- Sask Pork;
- Saskatchewan Pulse Growers;
- Saskatchewan Sheep Development Board; and the
- Saskatchewan Turkey Producers' Marketing Board.

The mission of the Agri-Food Council is:

- *to provide leadership;*
- *to ensure open and responsible operation of agencies established under the Act; and*
- *to regulate, promote and develop the marketing of agricultural and food products.*

[1] The Agri-Food Council replaced the Saskatchewan Natural Products Marketing Council, the supervisory body established under legislation preceding The Agri-Food Act.

2001 In Review

HIGHLIGHTS

In 2001, the Agri-Food Council continued to carry out its mandate to supervise the activities and administration of boards and commissions operating under The Agri-Food Act, on behalf of the Minister of Agriculture and Food. The boards and commissions were successful in improving the standard of financial reporting recommended by Saskatchewan Agriculture and Food and the Provincial Auditor in 1998. While 1998 compliance was 48 per cent, compliance levels increased to 66 per cent in 1999, 82 per cent in 2000 and 96 per cent in 2001.

The Council expects further improved levels of compliance in 2002. Most development and marketing boards and development commissions met their obligations under The Agri-Food Act during 2001. In May of 2000, the Minister of Agriculture and Food assumed the powers of both The Chicken Farmers of Saskatchewan and The Saskatchewan Broiler Hatching Egg Producers Marketing Board, and subsequently appointed an administrator to manage them until further notice. Both boards remained under the Minister's control at the end of 2001.

The Agri-Food Council continued to monitor Saskatchewan's poultry industry performance under national marketing systems. As national marketing agencies adjust operations to better serve the marketplace, the Council will continue to participate with other provinces to ensure that revisions are made to each of the federal provincial agreements on poultry.

The Federal-Provincial Agreement for Chicken Marketing in Canada was signed and brought into law on June 28, 2001. The new agreement replaces the original agreement signed in 1978. While some progress was made on drafting an updated Federal-Provincial Agreement for Egg Marketing in Canada, further consultations would be required to develop a new Federal Provincial Agreement that was acceptable to all provinces.

In 2001, Sask Pork implemented a new governance structure. The board eliminated the delegate structure and created a system of six at-large directors. Of the directors, three are elected on a one-producer one-vote system and three are elected on a one-pig one-vote system.

Over the course of the year, the Agri-Food Council held five board meetings and conducted an additional seven teleconference meetings.

REPORT OF ACTIVITIES

Supervision of Boards and Commissions

As part of its responsibility to supervise boards and commissions under The Agri-Food Act, the Agri-Food Council reviewed the minutes of regular and annual meetings of boards and commissions, as well as all annual reports and financial statements. In addition, Council members and staff attended various meetings of boards and commissions and reported back to the Agri-Food Council.

The Council was represented at special and annual meetings of all 10 agencies over the course of the year. Council also held joint meetings with representatives of the Chicken Farmers of Saskatchewan, Saskatchewan Broiler Hatching Egg Producers Marketing Board, Sask Pork, Saskatchewan Pulse Growers, Saskatchewan Egg Producers, the Saskatchewan Flax Development Board, and the Saskatchewan Sheep Development Board.

Officials of the Agri-Food Council attended a meeting of the National Association of Agri-Food Supervisory Agencies held in conjunction with annual meetings of the four national poultry marketing agencies. The Council also represented Saskatchewan's interests at meetings of national marketing agencies.

Marketing Plan Reviews

No new marketing plans were submitted to the Agri-Food Council for its review during 2001. However, the Council reviewed changes to marketing and development plans to ensure they accurately reflected the needs, operations and activities of agencies established under the Act. Regulations submitted for review included:

- The Saskatchewan Broiler Hatching Egg Producers Marketing Plan Regulations;
- The Saskatchewan Flax Development Plan Regulations; and
- The Pork Industry Development Plan Regulations.

The following marketing plans were amended in 2001.

The Saskatchewan Flax Development Plan Regulations

The regulations were updated to clarify the terms and definitions and to better define the responsibilities of directors. The main amendment was to ensure that directors were financially supporting the organization. Under the previous rules, a director could sit on the board and make decisions for the industry but could also ask for a refund of the levy. The amendments ensure that those producers not paying the levy are not eligible to act as board members.

The Pork Industry Development Plan Regulations

In 2001, the most pressing issue for Sask Pork was that of governance. Under the previous structure, there were seven districts that included five delegates each (one acted as the director for the region). Under the system, the larger producers were finding it difficult to gain representation on the board. Under the current structure, districts have been eliminated and there are six at large board members. Of these directors, three are elected based on a "one producer-one vote" basis. The other three directors are elected on a "one pig – one vote" basis. It is believed that this structure allows for a more representative board of directors.

Orders of Boards and Commissions

Marketing boards and commissions exercise certain powers granted to them by their marketing and development plans through marketing orders. These orders require Council approval. Council reviewed and approved the following orders in 2001.

Chicken Farmers of Saskatchewan

Order #23/01 Licensing
Purpose: This order removed the requirement to be a Saskatchewan resident in order to be a shareholder of a co-op or corporate farm.

Order #24/01 Base Quota Auctions
Purpose: This order removed the requirement to be a Saskatchewan resident in order to be a license holder (production is still required in Saskatchewan).

Order #25/01 Under Production Catch-up
Purpose: This order updates the process for under-production catch-up.

Saskatchewan Flax Development Commission

Order #10/01 Check-Off Collection
Purpose: This order adds the requirement to include the producer's address along with the other information submitted to the Commission.

Sask Pork

Order #06/01 Hog Industry Check-Off
Purpose This order decreases the check-off from $1.00 per hog to $0.90 per hog.

The Saskatchewan Broiler Hatching Egg Producers' Marketing Board

Order #27/01 Quota and License Transfer
Purpose: This order describes the quota rights transfer policy that producers must employ.

Order #29/01 Base Quota Limits
Purpose: This order sets limits on the maximum amount of quota that any one producer may have. It includes maximum limits for both individuals and corporations.

Order #30/01 Quota Allocations
Purpose: This order describes the process for the allotment of short-term quota rights. It establishes the maximum level of production from a given producer and ensures that short-term quota allocations do not become long-term production for any producer.

Order #32/01 Base Quota Auctions
Purpose: This order describes the quota rights auction system, creating greater transparency within the Saskatchewan broiler hatching egg industry.

Appeals Under The Agri-Food Act

The Agri-Food Act allows any person aggrieved by a decision of a board or commission to appeal the matter to an appeal committee appointed by the Minister of Agriculture and Food. The Agri-Food Act Appeal Committee hears the arguments of parties involved and makes a ruling on the appeal. The membership of the Appeal Committee in 2001 consisted of:

Mr. Martin Wrubleski, Chairperson, Regina
Mr. Bill Brown, Vice-Chairperson, Saskatoon
Ms. Jackie Andreas, Swift Current
Mr. Gordon Cresswell, Tisdale

In 2001, the Agri-Food Act Appeal Committee heard one appeal:

December 6, 2001

Brian Isaac vs.
The Saskatchewan Broiler Hatching Egg Producers' Marketing Board

In 1999, the Chicken Farmers of Saskatchewan and the Saskatchewan Broiler Hatching Egg Producers Marketing Board (the Board) reached an agreement to convert six broiler hatching egg producers to broiler producers. The conversion was intended to create a higher quality hatching egg and, in return, a better quality chick. The appellant had been identified as one of the hatching egg producers to be retired from the industry.

In June of 2000, the Appellant signed an agreement with the Board to sell his quota to the Board and exit the industry. In September of 2001, the Administrator of the Board executed that agreement. The Appellant appealed the decision to execute the original decision. He argued that the decision to sell was done under duress and that the agreement between himself and the Administrator had been cancelled.

The Agri-Food Act Appeal Committee found insufficient evidence to support the appellants claim and ruled in favour of the Board by ordering that the Appellant be paid out for his quota rights.

2001 SASKATCHEWAN AGRI-FOOD COUNCIL MEMBERS

Members

January 2001 - May 2001
Jim Long, Chairperson, Lloydminster
Dr. Murray Fulton, Vice-Chairperson, Saskatoon
Harold Greyeyes, North Battleford
Raymond Riviere, Radville

A new Council was established in May of 2001. The new Council members from May 2001 to December 2001 included:

Garf Stevenson, Chairperson, Regina
Ken Rasmussen, Vice-Chairperson, Regina
Audrey Hinz, Saskatoon
Ray Riviere, Radville
Don Tait, Elrose

Staff

Roydon G. White, Secretary
Brian Machin, Associate-Secretary

Council Office

Room 329
Walter Scott Building
3085 Albert Street
Regina, Saskatchewan S4S 0B1

Phone: (306) 787-5952
Fax: (306) 787-0271
Email: rwhite@agr.gov.sk.ca
bmachin@arg.gov.sk.ca.

2001 REPORTS OF PROVINCIAL AGENCY OPERATIONS

The Provincial Auditor, in conjunction with Saskatchewan Agriculture and Food, has requested that all organizations reporting to the Agri-Food Council include specific financial documents in their annual report. Requirements include an audit report on financial statements, an audit report on rules and procedures to control assets, an audit report on compliance with authorities, a comparison of actual results to planned results and a list of payees.

SASKATCHEWAN ALFALFA SEED PRODUCERS DEVELOPMENT COMMISSION

107 Science Place
Saskatoon SK S7N 0X2
Phone: (306) 956-7275
Fax: (306) 956-7247

The Commission's Mission

The Saskatchewan Alfalfa Seed Producers Development Commission (Commission) was established on July 24, 1997. The general purpose of the Commission is to provide for the orderly and effective development of the alfalfa seed industry in Saskatchewan.

Specific purposes of the Commission are:

- to promote and develop the alfalfa seed and alfalfa leafcutting bee industries in Saskatchewan;
- to develop procedures to maximize returns to producers;
- to encourage the production of a uniform high-quality product;
- to gather, compile, and distribute information related to the production of alfalfa seed and the management of alfalfa leafcutting bees;
- to conduct and encourage research on the production of alfalfa seed and the management of alfalfa leafcutting bees;
- to promote and improve understanding among individuals and organizations within the alfalfa seed and alfalfa leafcutting bee industries;
- to establish a system of levies on alfalfa seed crops for carrying out the purposes of the Commission; and
- to represent and lobby on behalf of registered producers in matters relating to the development of the alfalfa seed and alfalfa leafcutting bee industries.

Industry Issues

The key issue in 2001 was low alfalfa seed prices and a resulting short-term over-supply in North American alfalfa seed markets.

Alfalfa Seed Production

Alfalfa seed production in the province has expanded rapidly over the past several years to the current level of approximately 100,000 acres, representing 75 per cent of the alfalfa seed acreage in Canada. The estimated value of Saskatchewan alfalfa seed production is $20 million annually – based on an average yield of 175 pounds per acre and a long-term average price of $1.00 per pound. Reductions in alfalfa seed production over the past two seasons and current low alfalfa seed prices are having a short-term impact on the value of alfalfa seed.

The alfalfa leafcutting bee is an important pollinator of alfalfa for seed production. Alfalfa leafcutting bee populations, estimated at 20,000 bees per acre, have grown to a total of approximately two billion. Under ideal conditions, this population doubles each year with the excess production marketed primarily to alfalfa seed growers in the United States (at a value of over $10 million each year).

Administration and Finance

The Commission's system of internal control, legislative compliance and financial systems is examined annually by Hergott Duval Stack & Partners. The board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the Commission's regulations and orders, the check-off is $0.0075 per pound of alfalfa seed marketed. Producers may request a refund of any or all of the check-off paid. During the 2001 fiscal year, the Commission received $111,140 in check-off and refunded $6,303, or approximately 5.7 per cent. This is a decrease in levy refunds from approximately 9.4 per cent last year.

Mr. Wayne Goerzen currently manages the Commission on a voluntary basis. The levy is collected and recorded by a third party with a system of checks and balances to ensure accuracy.

Check-offs

The check-off rate for the 2001 fiscal year was $0.0075 per pound, unchanged from last year. There were approximately 500 producers registered with the Commission in 2001.

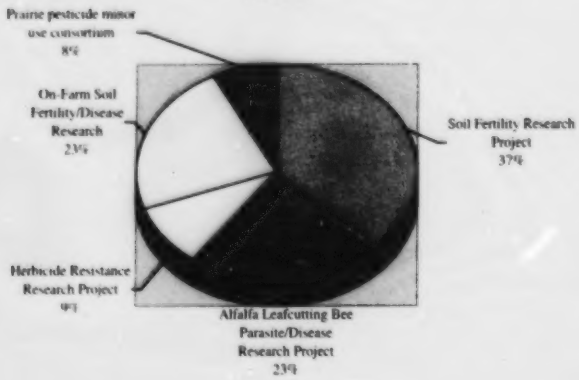
Check-off Revenue

	2001	2000	1999	1998
Check-off Revenue	$111,140	$90,731	$113,057	$99,093
Refunds	6,303	8,509	6,187	16,089
Net Levy Collected	**$104,837**	**$82,222**	**$106,870**	**$83,004**
Refund Percent	5.7%	9.4%	5.4%	16.2%

Research Projects

The Commission invested $66,781 in research projects in 2001. As the industry is small, the Commission has limited funding. As such, it must evaluate the most economical means of funding research and identify methods to achieve the greatest leverage for its research dollars. The Commission was successful in developing this leverage as funding from various sources allowed it to provide between two and three dollars of leverage for every dollar invested.

Research Projects
($66,781)


Prairie pesticide minor use consortium 8%
On-Farm Soil Fertility/Disease Research 23%
Soil Fertility Research Project 37%
Herbicide Resistance Research Project 9%
Alfalfa Leafcutting Bee Parasite/Disease Research Project 23%

Outlook for 2002

The Commission is expecting the following issues to surface over the next 12 months:

- short-term low prices;
- approximately 125,000 acres of alfalfa seed grown in Saskatchewan, an increase of approximately 25%; and
- population of alfalfa leafcutting bees in Saskatchewan is expected to increase to approximately 2.5 billion.

2001 Board of Directors

Bill Weighill, Chairperson, Carrot River
Sheldon Dowling, Vice Chairperson, Prince Albert
Ernest Holinaty, Porcupine Plain
David Kushniruk, Melville
Clem Lalonde, Zenon Park
Gaylord Mierau, Langham
Wayne Goerzen, Executive Director

Financial Status

The Commission was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING JULY 31, 2001

* Complete financial statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 80,000**	**$ 113,751**	**$ 94,573**
Expenses			
Levy Refunds	5,000	6,303	8,509
Programs	62,500	66,781	47,156
Administration	12,500	10,649	11,393
Total Expenses	**$ 80,000**	**$ 83,733**	**$ 67,058**
Surplus (Deficit)	**$ 0**	**$ 30,108**	**$ 27,515**
Balance Sheet			
Current Assets		$ 170,515	$ 140,497
Non-Current Assets (or Capital Assets)		0	0
Total Assets		**$ 170,515**	**$140,497**
Current Liabilities		$ 0	$ 0
Net Assets			
Internally Restricted Net Assets		56,341	53,756
Unrestricted Net Assets		114,174	86,741
Total Net Assets		170,515	140,497
Total Liabilities and Net Assets		**$ 170,515**	**$ 140,497**
Cash Flows			
Information not available			

THE SASKATCHEWAN BROILER HATCHING EGG PRODUCERS' MARKETING BOARD

18 Culliton Crescent
Regina, SK S4S 4J6
Phone: (306) 924-3108
Fax: (306) 924-3118

The Board's Vision

The Saskatchewan Broiler Hatching Egg Producers' Marketing Board (BHE) contributes to a globally competitive industry by fostering a profitable and innovative environment for production of (top) quality hatching eggs.

Industry Issues

Key issues in 2001 included:

- resolving conflict within the industry;
- implementing of the Broiler Breeder Conversion Agreement;
- meeting financial obligations under the quota conversion agreement;
- developing an allocation process for new quota in the industry;
- maintaining the pace of quota expansion; and
- corporate governance.

Broiler Hatching Egg Production

There were 16 licensed producers at the end of 2001 and one producer producing on a permit; representing a total of 171,000 quota units. During 2001, five new producer licenses were established. With growth in Saskatchewan's broiler industry, hatching egg producers have a good opportunity to increase production. Growth has been realized in the past three years and is expected to increase by approximately 10,000 units of quota rights over 2001 numbers.

In 1999, the BHE reached an agreement with the Chicken Farmers of Saskatchewan (CFS) that would have some producers exit that industry and begin as broiler producers under permit of the CFS. This agreement had the Board accept 51,000 units of quota rights, remove four of its producers from production and transfer two producers into CFS production. The two producers accepting CFS quota began production in 2001. The financial liability for the 51,000 units of quota rights is the responsibility of the BHE. In 2001, the BHE and the CFS agreed to be bound by the decision of an arbitrator in the decision of how much the BHE would pay the CFS for the 51,000 units of quota rights. Both parties submitted a Final Offer to the arbitrator, who ruled in favour of the CFS.

In 2001, the BHE implemented a new process for the allocation of quota rights. The BHE implemented an auction process that ensures transparency of allocation. One auction was held in 2001, allocating 10,000 units of quota rights. The auction was open only to registered producers. Five lots of 2,000 units were auctioned:

Auction 1 – June 29, 2001 – Saskatoon, Saskatchewan

1	$80,000	2,000	$40.00
2	$70,000	2,000	$35.00
3	$70,000	2,000	$35.00
4	$70,000	2,000	$35.00
5	$70,000	2,000	$35.00
Total	**$360,000**	**10,000**	**$36.00**

The funds raised from the auction were placed in a trust fund and will be used for industry development purposes.

Number of Layers	2001	2000	1999	1998	1997	1996	1995
0 – 2,999	5	2	3	3	3	3	3
3,000 – 4,999	1	1	1	1	1	1	1
5,000 – 6,999	1	1	1	2	2	2	2
7,000 – 9,999	2	3	4	5	5	5	5
10,000 – 17,999	5	4	3	1	1	1	1
18,000 – 28,499	2*	3	1	1	1	1	1
28,500 +	1	0	1	1	1	1	1
	17	14	14	14	14	14	14

*Included is the permit holder who has a permit for 20,000 units of quota rights.

Administration and Finance

The board's system of internal control, legislative compliance and financial systems is examined annually by Meyers Norris Penny. The board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

During the 2001 fiscal year, the board collected $79,061 in check-offs, a slight increase over last year. The increase in check-off collection is due to an increase in production from 2000. The check-off is mandatory and non-refundable.

The board employed one part-time administrator in 2001.

Adminstrator

Through Order in Council 407/2000 dated May 30, 2000, the Lieutenant Governor in Council transferred the powers of the board to the Minister of Agriculture and Food. The Minister has engaged an independent Administrator to carry out the duties of the agency.

The Administrator was charged with the following tasks:

- carry out quota allocation, pricing and levy collection duties and procedures;
- implement the Memorandum of Understanding;
- resolve industry disputes; and
- explore with industry new decision-making structures that would reduce the conflict currently holding back industry progress.

Check-offs

The check-off revenues for the 2001 fiscal were $0.60 per breeder chick placed.

Check-off Revenue

Check-off Revenue	$79,061	$69,378	$26,075	$22,170	N/A

Research and market development

No research or market development activities were undertaken in 2001.

Extension

The University of Saskatchewan extension services are funded by the combined contribution from Saskatchewan's four poultry marketing agencies. Dr. William Audren, poultry extension specialist and Dr. Sandra Stephens, veterinarian, provided extension services to the boards. The service is supervised and administered by Dr. H. Classen (Animal & Poultry Sciences) and Dr. C. Riddell (Veterinary Pathology), reporting to the Research and Extension Committee.

The Board's assessment for the cost of extension services for 2001 was $8,241, an increase from $5,630 in 2000. Objectives of the program were to:

- monitor industry performance;
- identify and solve industry problems;
- investigate individual production problems;
- communicate advances in poultry production;
- act as a liaison to individuals supplying feed, and medication and equipment to the poultry industry.

Outlook for 2002

The organization will concentrate on the following issues for 2002:

- Maintaining the expansion program;
- Implementing the On-Farm Food Safety Assurance Program (OFFSAP) program;
- Enhancing the Corporate Governance program;
- Developing a strategic industry focused plan;
- Development of periodic monitoring and enforcement systems; and
- Establishing the structures for the operation and the governance of the Investment and Development Funds.

2001 Board of Directors

Victor Loewen, Chairperson, Waldheim
Ralph Isaac, Vice-Chairperson, Saskatoon
Vacancy

Financial Status

The Board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2001.

* Complete financial statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 109,235**	**$ 79,345**	**$ 78,298**
Expenses			
Programs	5,700	8,421	5,630
Administration	66,895	29,004	73,850
Total Expenses	**$ 72,595**	**$ 37,425**	**$ 79,480**
Surplus (Deficit)	**$ 36,640**	**$ 41,920**	**$ (1,182)**
Balance Sheet			
Current Assets		$ 42,661	$ 18,931
Investments		0	0
Capital Assets		550	721
Total Assets		**$ 43,211**	**$ 19,652**
Current Liabilities		$ 7,106	$ 25,467
Net Assets			
Invested in Capital Assets		0	0
Internally Restricted Net Assets		550	721
Unrestricted Net Assets		35,555	(6,536)
Total Net Assets		36,105	(5,815)
Total Liabilities and Net Assets		**$ 43,211**	**$ 19,652**
Cash Flows			
Cash Flow From Operating Activities		$ 25,429	$ 10,787
Cash Flows used in Investing Activities		0	0
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ 25,429	$ 10,787
Cash Position Beginning of Year		11,376	589
Cash Position End of Year		$ 36,805	$ 11,376

SASKATCHEWAN CANOLA DEVELOPMENT COMMISSION

212 – 111 Research Drive
Saskatoon, SK S7N 3R2
Phone: (306) 975-6621
Fax: (306) 975-0136
Web: www.scdc.sk.ca
Email: amoe@saskcanola.com

The Commission's Vision

The Commission was established on February 6, 1991. Its vision is "Shaping Canola's Future for Producer Profitability". Its mission is "To enhance canola producers' competitiveness and profitability through a producer led and controlled fund to support research, market development and extension activities."

Industry Issues

Lower canola production due to drought and reduced seeded acres resulted in limited funding for new research and market development programs in 2001. The Commission's research priorities are:

(a) to evaluate new products and uses; and

(b) to conduct agronomic research that would improve canola production profitability.

Developing new uses for canola products is required to add value to the products and promote value-added development in Saskatchewan. It is important to conduct research on industrial uses to develop fuel additives, plastics, dust suppression products and value-added feed products such as high protein fish meal products.

Market Development programs are a priority for the Commission in order to create awareness and promote canola oil utilization for human food consumption. Canolainfo, a joint program among Alberta, Manitoba and Saskatchewan farmers, promotes canola oil utilization.

Canola Production

Canola was seeded on approximately 4.8 million acres in Saskatchewan in 2001. Gross revenue from canola, estimated at approximately $769 million, was the second highest of all crops seeded in Saskatchewan. The average yield was estimated at19.8 bushels per acre, approximately 3 bushels/acre below the 10-year average yield of 22.9 bushels per acre.

Administration and Finance

The Provincial Auditor annually examines the Saskatchewan Canola Development Commission's (Commission) system of internal control, legislative compliance and financial systems. The Commission's board of directors and management are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

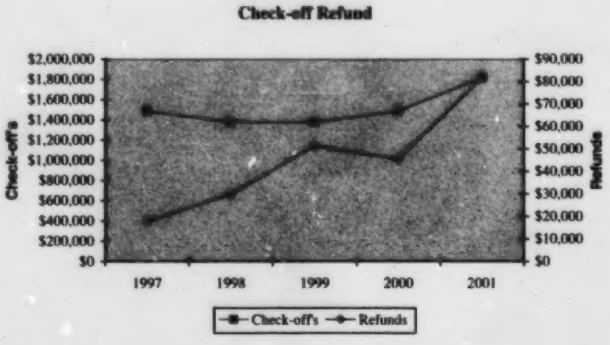
In accordance with the Commission's regulations, the check-off is $0.50 per tonne. Producers may request a refund of the check-off paid. Thirty buyers registered with the Commission, each purchasing canola and submitting the levy. The Commission received $1,820,226 in check-offs and refunded $81,631 or approximately 4.5 per cent of the gross check-off.

The Commission maintains two internally restricted funds with each fund approximating six months of levy collection. A general fund is to provide funds to complete projects in the event of a reduction of producer check-off fees and the refund fund is to provide refunds of check-off fees in the event the Commission is dissolved.

The Commission is also contracted to administer the levies on behalf of the Saskatchewan Pulse Growers and the Saskatchewan Flax Development Board. The Commission employed five full time staff and contracted two consultants.

Check-offs

The check-off rate is $0.50 per tonne, unchanged from last year. There were approximately 40,000 producers registered with the Commission in 2001.



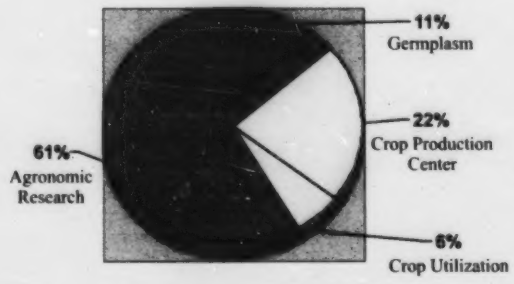
CANODEV RESEARCH INC.

On July 25, 1994, the Commission incorporated a wholly-owned subsidiary, Canodev Research Inc. Canodev Research Inc. was originally structured as a for-profit company which would qualify for tax rebates under Revenue Canada's Scientific Research and Experimental and Development Tax Incentive Program. During 1999, Canodev's application for the refundable investment tax credit was denied by Revenue Canada. In 2000, the operations and accounts of Canodev were merged into SCDC.

Research Projects

The Commission invested $499,738 in research projects and crop production centers in 2000-2001. Approximately 68 projects received funding in 2001.

Research



Market Development

During 2001, The Canola Information Service (CIS) developed a more formal partnering with Alberta and Manitoba grower associations and the Canola Council of Canada. This led to a name change from the Canola Information Service to CanolaInfo. A total of $509,254 was invested in market development in the 2000 - 2001 fiscal year. CIS was involved with the following initiatives:

- developed technical handouts, resource materials and advertisements for health professionals;
- represented the Commission at a number of conferences and trade shows;
- participated in Saskatchewan Bounty – an organization that develops programs to promote the goodness of Saskatchewan commodities;
- participated in export projects; and
- maintained the Commission's website.

Extension

In 2001, CanolaInfo was involved with the following activities:

- sponsored an "Ag in the Classroom" teachers' workshop, a "Classroom Agriculture Resource Directory", and the "Lunch Kit for Growing Plants";
- published Canola Digest newsletter in co-operation with other organizations;
- organized an annual general meeting, Canola Days and a crop production show;
- sponsored Super Canola Days;
- sponsored field days;
- the canola mascot "buddy" took part in a number of parades and fairs around the province;
- supported the Canola Corner at the Canola Learning Center;
- spoke at more than 20 meetings about canola production;
- organized a canola integrated pest management program; and
- maintained and updated its website.

Outlook for 2002

The Commission will continue to research new opportunities that will create awareness and promote the canola industry.

In 2002, the Commission will focus on:

- Conducting agronomic and production research projects;
- Conducting research to enhance the development of specialty oil types and identification of quality factors; to encourage the development of biodiesel and diesel fuel additives; and to evaluate the potential use of canola oil as a dust suppressant;
- Evaluating the development of new products from canola oil and meal, and evaluating segregation systems required to grow specialty canola types;
- Developing export market development programs to encourage expansion of canola exports to China, Mexico and the USA;
- Providing information to dieticians, the media and food service industry on utilization of canola oil for human nutrition;
- Promoting the use of canola meal and whole canola seed for livestock; and
- Promoting the utilization of lubricity additives for diesel fuel and evaluating the potential for biodiesel.

2001 Board of Directors

Raymond Wilfing, Chairperson, Meadow Lake
Zenneth Faye, Vice-Chairperson, Foam Lake
Barbara Podhorodeski, Treasurer, Shipman
Lorne Christopherson, Director, Weldon
Kelvin Meadows, Director, Moose Jaw
Jim Caughlin, Director, Tisdale
John Serhienko, Director, Blaine Lake
Roy Button, Executive Director

Financial Status

The Commission was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING JULY 31, 2001

* Complete Financial Statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 1,691,500**	**$ 2,015,172**	**$ 1,720,059**
Expenses			
Programs	1,277,800	1,185,712	1,212,662
Administration	483,500	472,841	442,389
Total Expenses	**$ 1,761,300**	**$ 1,658,553**	**$ 1,655,051**
Surplus (Deficit)	**$ (69,800)**	**$ 356,619**	**$ 65,008**
Balance Sheet			
Current Assets		$ 269,447	$ 465,758
Investments		1,684,448	1,083,364
Capital Assets		92,121	112,995
Total Assets		**$ 2,046,016**	**$1,662,117**
Current Liabilities		$ 100,631	$ 73,351
Net Assets			
Invested in Capital Assets		92,121	112,995
Internally Restricted Net Assets		1,200,000	1,200,000
Unrestricted Net Assets		653,264	275,771
Total Net Assets		1,945,385	1,588,766
Total Liabilities and Net Assets		**$ 2,046,016**	**$ 1,662,117**
Cash Flows			
Cash Flow From Operating Activities		$ 519,546	$ (27,733)
Cash Flows used in Investing Activities		(607,779)	53,450
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ (88,233)	$ 25,717
Cash Position Beginning of Year		121,994	96,277
Cash Position End of Year		33,761	121,994

CHICKEN FARMERS OF SASKATCHEWAN

Box 1637, 1810 - 9th Avenue North
Regina, SK S4P 3C4
Phone: (306) 775-1677
Fax: (306) 949-1353

The Board's Objective

To improve and stabilize producer returns by managing product supplies and to ensure high quality, wholesome food is delivered to the consumer at a reasonable price.

Industry Issues

- Implementing the Memorandum of Understanding with the Agri-Food Council;
- Developing the Investment and Development Trust Funds and making them operational;
- Resolving the Broiler/Breeder Conversion Agreement;
- Implementing the new regulations;
- Corporate Governance.

Chicken Production

There were 91 producer licenses issued during 2001.

The 2001 base quota for Saskatchewan was 6,465,096 kilograms per cycle, an increase of 17.6% over 2000. In 2001, Saskatchewan was in year three of an expansion agreement that will see the doubling of the industry.

CFS also had an agreement with the Saskatchewan Broiler Hatching Egg Producers Marketing Board (BHE) that would see some hatching egg producers convert to broiler production. Under the terms of this agreement, the BHE accepted financial responsibility for 51,000 broiler quota units, providing for the removal of four producers from hatching egg production and transferring two producers to broiler production. The two producers that accepted CFS quota began production in 2001.

In 2001, the CFS ran its third auction process as described in the Memorandum of Understanding of December 31, 1999 for issuing new quota. One auction was held in 2001, allocating 196,000 birds/cycle to 10 producers. The auction was open to anyone wanting to produce chicken in Saskatchewan, including current producers. The auction occurred on March 28, 2001 in Wynyard Saskatchewan.

Chicken Production
1995 – 2001 Distribution of Quota Holders

Kg/annum	2001	2000	1999	1998	1997	1996	1995
0-100,000			0	2	3	3	4
To 150,000			1	6	6	6	5
To 200,000			4	14	13	13	14
To 300,000			17	22	22	22	20
To 400,000			20	13	11	12	12
To 500,000	63	48	17	16	18	17	18
To 600,000	12	17	14				
To 700,000	5	6					
To 800,000	6	6					
To 900,000	2	3					
To 1,000,000	3	4					
Total Producers	91	84	73	73	73	73	73

LIVE WEIGHT CHART

Year	Number of Birds	Live Weight (kg)	Average Bird (kg)	Farm Gate Returns ($ Millions)
1990	10,033,071	19,177,256	1.91	$ 22.8
1991	9,952,326	19,078,803	1.92	21.5
1992	9,773,261	18,047,835	1.85	20.8
1993	10,817,451	19,916,486	1.84	23.2
1994	12,206,599	22,296,105	1.83	24.1
1995	11,381,794	20,927,375	1.84	18.11
1996	11,277,863	20,936,536	1.86	24.11
1997	12,049,705	21,809,966	1.81	27.22
1998	12,122,181	21,941,147	1.81	26.42
1999	14,601,629	26,539,949	1.81	29.68
2000	16,937,235	32,414,857	1.91	36.47
2001	19,781,770	37,431,205	1.82	44.64

Auction III – March 28, 2001 – Wynyard

Lot #	Quota Taken (birds/cycle)	Payment Due	Dollars/bird of quota	Successful Bidder	Location
1	20,000	$288,636	$14.43	T. Knipple	Hepburn
2	22,000	$275,000	$12.50	Catherine Keet	Grandora
3	22,000	$275,000	$12.50	Cindy Keet	Vanscoy
4	14,000	$178,181	$12.72	H. Warkentine	Drake
5	14,000	$159,090	$11.36	H. DeRuiter	Hepburn
6	22,000	$183,000	$8.31	Cindy Keet	Vanscoy
7	22,000	$196,000	$8.91	Catherine Keet	Grandora
8	22,000	$190,000	$8.64	N. Sloboshan	Vanscoy
9	22,000	$160,000	$7.27	M. Chaudry	Grandora
10	18,000	$135,000	$7.50	H. Van Ee	Saskatoon
Total	**198,000**	**$2,039,907**	**$10.30**		

Administration and Finance

CFS's system of internal control, legislative compliance and financial systems is examined annually by PriceWaterhouseCoopers. The board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the board's regulations and orders, the check-off is $0.014 per kilogram of chicken marketed. The check-off is mandatory and non-refundable. During the 2001 fiscal year, the board collected $361,047 in check-offs – an increase of approximately 18 per cent over last year. The increase in production is due to an agreement signed with the national organization, the Chicken Farmers of Canada, to double Saskatchewan's quota over a five-year period.

The board employed two full time staff in 2001.

Check-offs

Check-off revenues for the fiscal year ending December 31, 2001 were $361,047, up from the $305,931 collected in the previous fiscal year. In 2001, 91 producers were registered with CFS.

Check-off Revenue

	2001	2000	1999	1998	1997
Check-off Revenue	$361,047	$305,931	$251,093	$265,260	N/A

Administrator

Through Order 406/2000 dated May 30, 2000, the Lieutenant Governor in Council transferred the powers of the board to the Minister of Agriculture and Food. The Minister has engaged an independent administrator to carry out the duties of the agency.

The Administrator was charged with the following tasks:

- carry out quota allocation, pricing and levy collection duties and procedure;
- implement the Memorandum of Understanding;
- resolve industry disputes; and
- explore with industry new decision-making structures to reduce the conflict currently impeding industry progress.

Research Projects

The organization participated in two research projects; a live-haul analysis project; and a study on ascites: a disease common in Saskatchewan. The CFS spent approximately $15,000 in research in 2001.

Market Development

The marketing activities in 2001 were unchanged from pervious years. They included:

- Saskatchewan Food and Wine Festival;
- Canadian Western Agribition; and
- sponsorship of the Heart and Stroke Association golf tournament fundraiser.

Extension

The CFS participated in a joint project with Saskatchewan's other feather boards. The project was developed to assist producers in reaching their production potential. CFS's costs in 2001 for the project were $67,860, up from $46,360 in 2000.

Outlook for 2002

The board will concentrate on the following issues for 2002:

- Maintaining the expansion program;
- Implementing the On-Farm Food Safety Assurance Program (OFFSAP);
- Enhancing the Corporate Governance program;
- Developing a strategic industry focused plan;
- Development of periodic monitoring and enforcement systems;
- Establishing the structures for the operation and the governance of the Investment and Development Funds.

Board of Directors

(on December 31, 2001)

Charles Stueck, Chairperson, Abernethy
Nick Sloboshan, Vice-Chairperson, Vanscoy
Dean Sully, Yorkton
Nick Langelaar, Hague
Herb DeRuiter, Hepburn
Van Stewart, General Manager

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2001

* Complete financial statements can be found in the agency's annual report

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 368,727**	**$ 363,550**	**$ 308,442**
Expenses			
Programs	$ 171,200	$ 182,844	$ 106,407
Administration	200,040	218,042	190,867
Total Expenses	**$ 371,240**	**$ 400,886**	**$ 297,274**
Surplus (Deficit)	**$ (2,513)**	**$ (37,336)**	**$ 11,168**
Balance Sheet			
Current Assets		$ 118,768	$ 65,884
Investments		0	0
Capital Assets		4,162	4,761
Total Assets		**$ 122,930**	**$ 70,645**
Current Liabilities		$ 118,169	$ 26,298
Demand Bank Loan		0	2,250
Net Assets		4,761	42,097
Total Liabilities and Net Assets		**$ 122,930**	**$ 70,645**
Cash Flows			
Cash Flow From Operating Activities		$ 50,758	$ (20,383)
Cash Flows used in Investing Activities		(1,707)	(3,051)
Cash Flows used in Financing Activities		(2,250)	2,250
Net Increase (Decrease) in Cash		$ 46,801	$ (21,184)
Cash Position Beginning of Year		6,059	27,243
Cash Position End of Year		52,860	6,059

SASKATCHEWAN EGG PRODUCERS

Box 1637, 1810 - 9th Avenue North
Regina, SK S4P 3C4
Phone: (306) 924-1505
Fax: (306) 924-1515

The Board's Objectives

To improve and stabilize producer returns by managing product supplies and to ensure high quality, wholesome food is delivered to the consumer at a reasonable price.

Industry Issues

During 2001:

- Saskatchewan egg producers established a strategic plan;
- a national appeal was launched to challenge the allocation of "grow for" quota;
- the board received 200,000 quota for processing eggs; of that, 59,322 was placed in production;
- the allocation of eggs for processing was made;
- the "Start Clean – Stay Clean" program was certified; and
- Pallets, dividers and trays were purchased for dedicated production – a usage fee of 0.25 of a cent will be charged.

Egg Production

There were 67 licensed producers at the end of 2001, a reduction of one from the previous year. The Board approved three transfers in 2001, which involved 36,306 layers.

The 2001 base quota for Saskatchewan was approximately 831,140 layers (approximately equal to 2000 levels), or approximately 4.1 per cent of the national total. Saskatchewan's egg industry is working with the government to increase this level as Canada's level of exports and industrial product continues to rise.

Total surplus declarations for 2001 were 211,840 boxes (15 dozen eggs) — 26,160 boxes below budget, and 27,024 boxes fewer than the volume declared in 2000. In 2000, total surplus production declaration totaled 238,864 boxes, down 7,520 boxes from 1999.

Egg Production
1995 – 2001 Distribution of Quota Holders

Flock Size	2001	2000	1999	1998	1997	1996	1995
0 – 1,000	1	1	1	2	1	1	1
1,001 – 3,000	4	4	5	4	8	8	9
3,001 – 5,000	13	13	15	17	17	16	16
5,001 – 10,000	22	21	25	24	22	24	25
10,001 – 20,000	17	19	18	17	18	17	16
20,01 and over	10	10	10	11	10	10	10
Total	**67**	**68**	**74**	**75**	**76**	**76**	**77**

Licensed Producer Reported Marketings (dozen eggs)

Period	2001	2000	1999	1998	1997	2001 Layer Inventory
1	1,472,791	1,461,609	1,398,423	1,377,898	1,363,219	770,495
2	1,505,276	1,384,228	1,373,296	1,304,546	1,345,525	788,581
3	1,395,567	1,400,035	1,371,493	1,299,696	1,360,154	777,373
4	1,475,786	1,462,486	1,424,215	1,351,346	1,390,519	802,240
5	1,502,630	1,426,203	1,364,271	1,407,801	1,363,822	796,605
6	1,516,138	1,444,940	1,420,638	1,439,468	1,460,346	802,972
7	1,483,679	1,460,412	1,414,383	1,403,354	1,377,683	783,611
8	1,397,695	1,492,476	1,470,579	1,362,451	1,384,925	786,500
9	1,520,244	1,425,637	1,522,830	1,477,720	1,414,076	805,854
10	1,548,340	1,440,004	1,466,743	1,379,538	1,316,077	785,004
11	1,473,868	1,436,287	1,391,551	1,381,717	1,275,515	809,236
12	1,627,472	1,470,123	1,531,915	1,421,707	1,412,244	804,715
13	1,605,293	1,769,900	1,486,921	1,428,199	1,329,266	808,675
Total:	**19,524,779**	**19,074,340**	**18,637,258**	**18,035,441**	**17,793,371**	

Administration and Finance

The Board's system of internal control, legislative compliance and financial systems is examined annually by E.J.C. Dudley & Co. Directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

During the 2001 fiscal year, the board collected $691,570 in check-off [2] – an increase of approximately 8.4 per cent over last year. In accordance with the board's regulations and orders, the Saskatchewan and Canadian Egg Marketing Agency check-off is $0.245 per dozen eggs marketed. The check-off is mandatory and non-refundable.

The Board receives a levy of $0.0355, of which $0.02 is used for administration and marketing and $0.0155 is used for the Surplus Removal Fund, providing additional funds to remove industrial product from the province that is not covered nationally. The Board employed two full time staff in 2001.

Check-offs

Check-off revenues for general revenues for the fiscal year ending December 31, 2001 were $387,124, up slightly from the $382,956 collected in the previous fiscal year. The check-off of $0.245 per dozen eggs marketed is mandatory and non-refundable. In 2001, there were 67 producers registered with the Board.

Check-off Revenue

	2001	2000	1999	1998	1997
Check-off Revenue	$387,124	$382,956	$372,745	$375,258	$369,953

Research Projects

The Board invested $14,656 in research projects in 2001.

Market Development

The marketing activities in 2001 were unchanged from pervious years. These included:

- festive season billboard campaign;
- attendance at the Canadian Western Agribition, with food sampling and livestock on hand; and
- a back-to-school program and recipe booklet were included in the "Crack Open a Meal" campaign.

Promotional Activities

During the year, the Board was:

- Key sponsor of the "Dial a Nutrition, Ask a Dietician" program in May 2001;
- provincial sponsor of the Cameco Jingle Bell Run for Arthritis in Saskatchewan; and
- sponsored the Heart and Stroke Foundation's golf tournament fund raiser.

Extension

The Board participated in a joint project with Saskatchewan's other feather boards. The project was developed to assist producers in reaching their production potential. The cost for the project in 2001 was $50,514, approximately 50% above 2000 costs.

Outlook for 2002

Issues before the board in 2002 will include:

- Updating the Federal-Provincial Agreement;
- A staff member will be employed for research and development;
- The issuance and production of Eggs for Processing;
- *Salmonella* testing of pullet facilities and certification by CFIA;
- A feasibility study will be conducted; and
- Completion of computer program to handle Eggs-for Processing production.

Board of Directors

(on December 31, 2001)

Bert Harman, Chairperson, Saskatoon
Don Wiens, Vice-Chairperson, Regina
Dan Entz, Gull Lake
Stan Fehr, Hague
David Hoffer, Lumsden
Tim Wiens, Regina
Dave Mackie, General Manager

[2] This includes $387,124 in general operations check-offs and $304,446 in check-offs for the Industrial Products removal program.

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year. The budget submitted only included general operations, not the agency's entire budget.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2001.

*Complete financial statements are available in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	$	$ 5,879,025	$ 4,935,865
Expenses			
Programs		5,202,359	4,289,207
Administration		579,747	731,513
Total Expenses	$	$ 5,782,106	$ 5,020,720
Surplus (Deficit)	$	$ 96,919	$ (84,855)
Balance Sheet			
Current Assets		$ 1,075,476	$ 1,046,289
Investments		972,500	950,000
Capital Assets		87,042	5,260
Total Assets		$ 2,135,018	$ 2,001,549
Current Liabilities		$ 468,443	$ 431,893
Net Assets		1,666,575	1,569,656
Total Liabilities and Net Assets		$ 2,135,018	$ 2,001,549
Cash Flows			
Cash Flow From Operating Activities		$ (365,973)	$ 1,001
Cash Flows used in Investing Activities		(105,334)	(4,420)
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ (471,307)	$ (3,419)
Cash Position Beginning of Year		591,258	594,677
Cash Position End of Year		119,951	591,258

SASKATCHEWAN FLAX DEVELOPMENT COMMISSION

A5A – 116 – 103rd Street East
Saskatoon, SK S7N 1Y7
Phone: (306) 664-1901
Fax: (306) 664-4404
Web: www.saskflax.com
Email: saskflax@saskflax.com

The Commission's Mission

The Saskatchewan Flax Development Commission was established on April 16, 1996. Its mission is:

To promote and enhance flax production and value-adding processing of flax products in Saskatchewan for maximum return to producers through market research, leadership and communication in the industry.

The following long-term goals (by the year 2017) have been envisioned for the commission:

- to promote and support the value-added processing of all flaxseed and its products (flour, oil, meal, straw fiber) within Saskatchewan to increase returns to the producers;
- to achieve and sustain four million acres of flaxseed production in Saskatchewan, make a significant contribution to the Saskatchewan economy ($500 million annually) and add value to society through job creation;
- to be the leader in enhancing flax production and value-added processing in Saskatchewan through a strategic, integrated industry approach based on effective communication; and
- to generate maximum returns to the producers through research and marketing efforts.

Industry Issues

- Supply/Price of Flax
- Straw management/Fiber Industry
- Flax Consumption: nutraceuticals /functional foods/ food/feed; and
- Industry Liaison (communication/representation to other agricultural organizations).

Flax Production

Flax was seeded on approximately 1.15 million acres in Saskatchewan in 2001. This accounted for approximately 68.7 per cent of Canada's total flax production. The gross revenue from flax crops for Saskatchewan producers in 2001 is estimated at $108.6 million. The average yield was estimated at 16.7 bushel per acre (423 kg/acre), approximately 3 bushels per acre below the ten year average.

Administration and Finance

The Commission's system of internal control, legislative compliance and financial systems is examined annually by Merv Culham, CA. The Commission's board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the Commission's regulations and orders, the check-off is $1.18 per tonne of flax seed and $0.50 per tonne of flax straw. Producers may request a refund of any or all of the check-off paid. During the 2001 fiscal year, the Commission collected $498,875 in check-off and refunded $21,937, or approximately 4.4 per cent. This is a decrease in levy refunds from approximately 4.7 per cent last year.

The Commission employs Food Focus Saskatoon Inc. to manage and operate the day-to-day affairs of the Commission and the Saskatchewan Canola Development Commission's Levy Central to collect the check-off.

Check-offs

The check-off rate is $1.18 per tonne of flax seed and $0.50 per tonne of flax straw. There were approximately 16,000 producers registered with the Commission in 2001. Check-off revenues in 2001 were the lowest since inception of the organization in 1997.

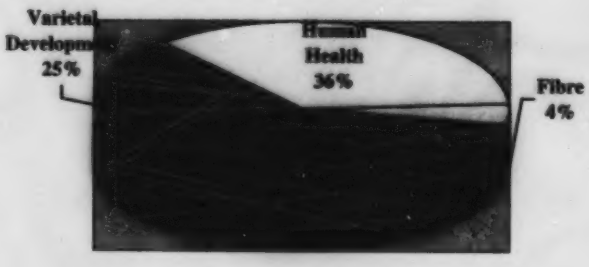
Check-off Revenue

Check-off Revenue	$498,875	$578,178	$691,883	$519,990	$346,857
Refunds	21,937	27,643	19,394	13,442	4,786
Total	$476,938	$551,535	$672,489	$506,548	$341,071

Research Projects

The Commission was involved in and/or supported a number of research projects in the areas of agronomy, varietal development, human health and fiber. Research funding partners included Canadian Adaptation and Rural Development in Saskatchewan (CARDS), the Agriculture Development Fund, the Matching Investments Initiative, and the Flax Council of Canada.

Research Projects



Market Development

In the 2001 fiscal year, the Commission focused its market facilitation efforts on food, nutraceutical, feed and fiber. The Commission was involved in:

- the creation of Saskatchewan Bounty, a commodity association created to promote primary agri-food products (as a founding member);
- seminars, conferences and trade shows with the hopes of further increasing the knowledge and use of flax products;
- continued partnership with the Saskatchewan Nutraceutical Network;
- continued encouragement of the use of flax in animal feed; and
- the fiber sector continued to be a priority.

Communication

The communications unit of the Commission engaged in the following activities:

- hosted the Commission's second field day;
- participated in several oilseed meetings;
- Flax Day 2001 provided flax producers and industry representatives with market and research updates;
- continued to produce the Commission's newsletter three times per year;
- supported and encouraged agri-ed organizations;
- represented the interests of the industry at various meetings, seminars and conferences that dealt with issues such as transportation, varietal registration and agricultural residue burning; and
- participated in the Canadian Western Agribition and the Crop Production Show.

Outlook for 2002

The Commission anticipates:

- increasing interest and activity regarding flax and flax components in the functional foods/natural products industry;
- review of the Sask Flax operations, policies and strategic plan; and
- implementation of the strategic plan for research and development of a flax fiber strategy.

2000-2001 Board of Directors

Chris Hale, Chairperson, Rouleau
Ron Gilmour, Vice-Chairperson, Craik
Terry Boehm, Allan
Barry Karol, Kelliher
Allen Kuhlman, Vanguard
Bob Linnell, Weyburn
Linda Braun, Executive Director, Saskatoon

Financial Status

The Commission was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING JULY 31, 2001

*Complete financial statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 610,000**	**$ 548,660**	**$ 602,648**
Expenses			
Programs	470,246	391,583	474,235
Administration	130,600	166,179	121,252
Total Expenses	**$ 600,846**	**$ 557,762**	**$ 595,487**
Surplus (Deficit)	**$ 9,154**	**$ (9,102)**	**$ 7,161**
Balance Sheet			
Current Assets		931,520	953,127
Investments		0	0
Capital Assets		2,409	4,089
Total Assets		**933,929**	**957,216**
Current Liabilities		134,710	148,895
Net Assets			
Invested in Capital Assets		0	0
Internally Restricted Net Assets		600,000	600,000
Unrestricted Net Assets		199,219	208,321
Total Net Assets		799,219	808,321
Total Liabilities and Net Assets		**933,929**	**957,216**
Cash Flows			
Cash Flow From Operating Activities		13,022	(22,959)
Cash Flows used in Investing Activities		0	0
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		13,022	(22,959)
Cash Position Beginning of Year		827,939	850,898
Cash Position End of Year		840,961	827,939

SASK PORK

Bay 2, Main Floor, 502 – 45th Street West
Saskatoon, SK S7L 6H2
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e-mail: info@saskpork.com

Sask Pork Mission

Sask Fork was established on April 6, 1998. Its mission is:

Through communications programming, public policy development and industry and swine research, Sask Pork works on behalf of Saskatchewan pork producers to ensure the sustainability of the pork industry within a diverse provincial agricultural economy.

Industry Issues

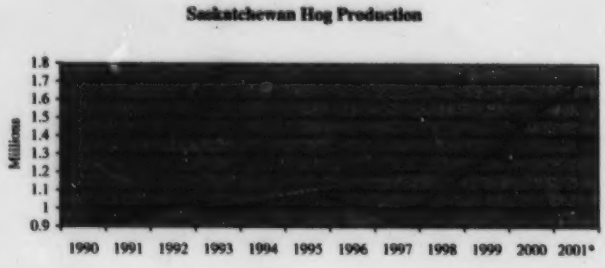
Key issues in 2001 included:

- amending the Sask Pork governance structure to better represent the entire industry;
- the Canadian Quality Assurance program gained acceptance in the Canadian packing industry;
- environmental standards and sustainability; and
- opportunities for industry growth and development.

Pork Production

There were 956 pork producers registered with Sask Pork at the end of July 2001. Total provincial estimated pork production for the period from January to July was 959,966 hogs. Although pork production is realizing an increase, the number of producers in the province is approximately 34 per cent of 1995 levels. Estimated gross revenue for hogs in 2001 was $251 million, an increase of approximately 16 per cent over 2000 levels. Pork production has realized substantial growth over the past decade.

Saskatchewan Hog Production



The following provides a breakdown of Saskatchewan's pork producers:

* 1998 - No data is available

	Producer Size								
Year	1 - 100	101 - 200	201 - 500	501 - 1000	1001 - 2000	2001 – 4000	4001 +		Total
1990	2138	323	412	221	109	48	41		3292
1991	1804	294	410	214	103	42	48		2915
1992	1782	352	428	210	109	43	51		2975
1993	1757	309	394	203	101	44	55		2863
1994	1819	313	349	191	100	43	59		2874
1995	1850	228	332	188	94	44	65		2801
1996	1416	216	240	132	87	36	74		2201
1997	994	150	167	124	74	79	73		1611
1998	*	*	*	*	*	*	*		*
1999	763	115	152	89	51	35	69		1274
2000	583	89	121	67	50	31	93		1034
2001	528	85	91	80	43	32	97		956

Administration and Finance

The board's system of internal control, legislative compliance and financial systems are examined annually by Deloitte and Touche. The board of directors and its management are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the board's regulations and orders, the check-off for the 2001 fiscal year was $1 per hog marketed and was collected on all hogs raised in Saskatchewan. The check-off is mandatory and non-refundable. During the 2001 fiscal period (seven months ending July 31), the board invoiced $959,966 in check-offs.

The board employed 6.5 full-time staff in 2001.

Check-offs

The check-off rate was $1 per hog marketed, from January 1 until September 30, 2001. On October 1, 2001, the board lowered the check-off to $0.90 per hog marketed. There were 956 producers registered with Sask Pork in 2001.

Check-off Revenue

Check-off Revenue	$959,966**	$1,508,833	$1,261,028	$875,000*	N/A

* The 1998 fiscal year was from April to December
** The 2001 fiscal year was from January to July

Programs, Services and Associations

Sask Pork funds and/or administers the following:

- quality assurance;
- research initiatives;
- Pork Expo and Pork Industry Symposium (in partnership with Saskatchewan Agriculture and Food);
- Product Promotion;
- Canadian Pork Council;
- Canada Pork International;
- industry development;
- communications;
- funding opportunities; and
- community relations.

Canadian Pork Council (CPC)

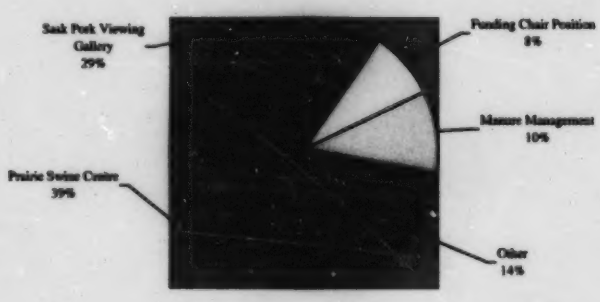
Sask Pork funds the CPC at a rate of 9.5 cents per pig. In 2001, CPC funds were used for general office administration, trade access, export diversification, export promotion, nutrition and quality assurance.

Canada Pork International (CPI)

CPI receives funding from check-offs at $0.01 per pig to provide producer and industry market development and international promotion of the pork industry. CPI is the international promotions agency for the pork industry.

Research Projects

Sask Pork has, through levy dollars and the Pork Industry Sustainability Fund, provided funding to researchers in areas that directly affect producers: profitability, herd health, production costs, occupational health and safety, manure management and the environment. During the 2001 fiscal year, Sask Pork invested $533,774 in research projects and the Prairie Swine Centre. Approximately 14 projects received funding in the 2001 fiscal year.



Quality Assurance

Sask Pork believes that Quality Assurance will be a mandatory program for all producers in the near future. As such, it has implemented a program to work with all Saskatchewan producers to ensure that they are successful in obtaining the quality assurance validation. At the end of July 2001, the organization had registered 673 producers in the program, delivered it to approximately 606 producers, assisting approximately 155 to become validated. Some packers have already required producers seeking contracts to become enrolled in the program.

Market Development

In 2001, Sask Pork launched a new industry communication program aimed at developing and delivering information items to foster public acceptance and understanding of the pork industry. In 2001, $17,944 was invested in market development initiatives, including:

- working with the National Health Check program to promote pork as a healthy part of today's diet;
- providing recipes and nutritional information;
- providing point-of-sale materials for consumers;
- participation in trade shows and in-store product demonstrations;
- distribution of nutritional information to all dieticians, nutritionists, and physicians in Saskatchewan; and
- participation at the Agri-Ed Showcase at Agribition.

Outlook for 2002

Sask Pork anticipates:

- hog production in Saskatchewan will grow by approximately 20 per cent;
- a large portion of the increase in production will be covered by contracts and forward pricing; and
- Saskatchewan's pork industry will become more widely accepted.

Board of Directors

(on July 31, 2001)

Leon Lueke, Chairperson, Humboldt
Jerry Pfeil, Vice-Chairperson, Humboldt
Neil Ketilson, Second Vice-Chairperson, Saskatoon
Cliff Ehr, Humboldt
Judy Ulrich, Spalding
Walter Yates, Gull Lake
Jerome Warick, General Manager

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year, except for submission of a 2001 annual budget. Due to a change in year-end date, Sask Pork decided to not include a comparison of actual results to planned results in its 2001 fiscal year submissions.

SUMMARY OF FINANCIAL OPERATIONS FOR THE SEVEN MONTHS ENDING JULY 31, 2001 AND THE YEARS ENDING JULY 31, 2000

*Complete financial statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue		$ 1,390,168	$ 2,082,808
Expenses			
Programs		729,837	1,195,380
Administration		511,695	691,490
Total Expenses		$ 1,241,532	$ 1,886,870
Surplus (Deficit)		$ 148,624	$ 175,939
Balance Sheet			
Current Assets		$1,193,565	$ 1,164,682
Capital Assets		14,315	19,690
Total Assets		1,207,880	1,184,372
Current Liabilities		257,113	382,229
Net Assets			
Internally Restricted Net Assets		31,258	37,230
Unrestricted Net Assets		919,509	764,913
Total Net Assets		950,767	802,143
Total Liabilities and Net Assets		1,207,880	$ 1,184,372
Cash Flows			
Cash Flow From Operating Activities		$ (251,377)	$ 274,534
Cash Flows used in Investing Activities		(8,067)	(8,623)
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ (259,444)	$ 265,911
Cash Position Beginning of Year		796,997	531,086
Cash Position End of Year		537,553	796,997

SASKATCHEWAN PULSE GROWERS

310 – 111 Research Drive
Saskatoon, SK S7N 3R2
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Email: gpatterson@saskpulse.com

Plan, Vision and Mission

The Saskatchewan Pulse Crop Development Plan was established in July of 1984. The general intent of the plan is to provide for the effective development of the Saskatchewan pulse crop industry. Its purposes include:

- promoting and developing the Saskatchewan pulse crop industry;
- developing procedures to maximize returns to producers;
- gathering, compiling and distributing information related to production, consumption and marketing of pulse crops;
- conducting and encouraging research on the production, marketing, processing and consumption of pulse crops; and
- promoting and improving communication amongst individuals and organizations within the pulse crop industry.

Vision Statement

The Saskatchewan pulse industry will be the world's preferred supplier of peas, lentils, chickpeas and beans.

Mission Statement

Our mission is to maximize grower profitability and sustainability.

Industry Issues

In 2001 Saskatchewan Pulse Growers took the lead in drafting a national crop protection strategy to ensure the competitiveness of the Canadian pulse crop industry. The Pulse Canada Board has accepted responsibility for the design and implementation of this national initiative that will address minor use and full registration of products, international harmonization and integrated pest management. Major issues for the industry in 2001 included:

- communication of transportation issues including railway service;
- the Federal Transportation Review Panel Report and the role of the Monitor on the effect of changes to Bill C-34, to key government and industry stakeholders;
- the threat of foreign production subsidies, including the potential impact of changes to the U.S. Farm Bill which could dramatically impact supply-demand forces leading to over production; and
- Pulse Canada's pulse research strategy has identified a $20 million short fall in research funding for the pulse sector. Saskatchewan Pulse Growers worked to develop a Saskatchewan strategy as part of this process and is working with industry stakeholders and government to address the shortfall.

Pulse Production

Pulses were seeded on approximately 6.4 million acres in Saskatchewan in 2001. The gross revenue from pulse crops for Saskatchewan producers in 2001 is estimated at $445 million. The average yield varied between pulse crops and is estimated at approximately 543 kilograms, 557 kilograms and 406 kilograms per acre of lentils, peas and chickpeas, respectively. Total pulse production for the 2001 crop year is estimated at 2.5 million tonnes, down 25% from 2000 production.

Administration and Finance

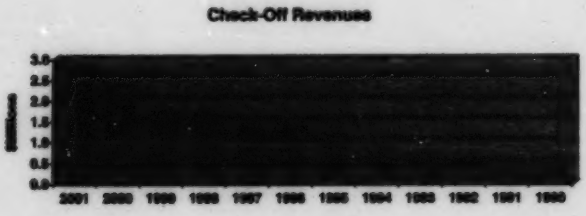
The board's system of internal control, legislative compliance and financial systems is examined annually by Hergott Duval Stack & Partners. Directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the boards regulations and orders, the check-off is 0.5 per cent of the gross value of the pulses sold. During the 2001 fiscal year, the board collected $2,748,418 in check-offs and had total revenues of $3,353,165. This is an increase of approximately 12.6 per cent over 2000 revenues.

Saskatchewan Pulse Growers is a development board under the Act so it does not refund levies to producers. The board employs the Saskatchewan Canola Development Commission's Levy Central to collect the check-off. The board currently employ's 7 full time staff.

Check-offs

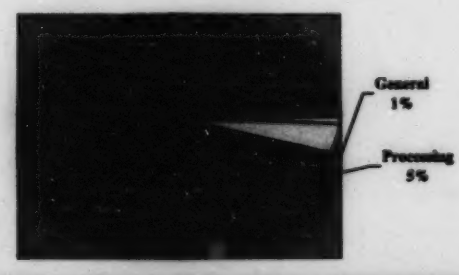
Check-off revenues for the fiscal year ending July 31, 2001 were $2,748,418, up from the $2,408,818 collected in the previous fiscal year. In 2001 there were approximately 16,000 producers registered with the Saskatchewan Pulse Growers.



Research

The Research and Development Committee approved funding of $1,259,636 in the 2001 fiscal year, up slightly from $1,244,499 in the previous year. A total of 39 projects were funded in the 2001 fiscal year. Sask Pulse continues to support research as an integral component of a profitable and expanding pulse industry. The use of growers levy dollars to partner with federal and provincial research funds as well as the Western Grains Research Foundation, the University of Saskatchewan and other provincial pulse growers associations has given producers extra value.

Pulse Research



Market Development

The objective of the Saskatchewan Pulse Growers Market Development Committee is to increase domestic opportunities for Saskatchewan grown pulses. The majority of the market development efforts continue to focus on international markets through the efforts of Pulse Canada. Last year, $437,094 (approximately 92 per cent of the market development budget) was allocated to Pulse Canada for export market development activities.

The Board's domestic efforts focused on increasing the use of feed peas in animal rations. The organization has been successful in promoting the use of feed peas in feed rations in western Canada, increasing the rations from 60 per cent to 80 per cent. Pulse growers now plan to focus more effort on increasing the feed pea usage in eastern Canada.

Extension and Communications

Saskatchewan Pulse Growers contributed $312,372 to its extension and communications budget in the 2001 fiscal year, slightly less than its 2000 allocation. The activities of the committee included the following:

- rewrite of the Pulse Production Manual;
- launch of Pulse Point magazine which replaces the Saskatchewan Pulse Grower quarterly newsletter;
- summer pulse tours;
- winter pulse workshops;
- maintenance of an internet website; and
- Pulse Days.

Variety Release

The Variety Release program has operated for six years. In 2001, the Board renewed an agreement with the Crop Development Center (CDC), which gives Saskatchewan Pulse Growers the distribution rights for all CDC pulse varieties developed while the agreement is in place.

The new varieties released in 2001 include:

- CDC 001 green pea
- CDC 964a large green lentil
- CDC 983-87 French green lentil
- CDC ChiChi Kabuli chickpea

Outlook for 2002

For 2002-2003, the area seeded to dry peas is forecast to increase by about 5%. The seeded area for lentils and chickpeas is expected to decrease by 10%. For dry beans, the seeded acres is expected to increase in Saskatchewan with greater availability of new pinto bean varieties that are better adapted to Saskatchewan's climate. Although total seeded acres are not expected to increase, production is expected to increase significantly over 2001 levels and more closely reflective of 2000 yields and production quantities.

Areas of strategic focus identified in the Saskatchewan Pulse Growers Board's seventh annual strategic planning session include:

- developing a Saskatchewan research strategy and initiating a capital campaign to raise industry funds for a new pulse field lab;
- market promotion and development;
- increased communications with government and the pulse trade; and
- developing policies in critical areas like transportation, crop protection, variety release and registration, and grading standards.

2001 Board of Directors

Lyle Minogue, Chairperson, Lacadena
Glen Annand, Mossbank
Shawn Buhr, Lucky Lake
Germain Dauk, Naicam
Ron Hundeby, Elbow
Don Meier, Star City
Dean Corbett, Macrorie
Garth Patterson, Executive Director, Saskatoon

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING JULY 31, 2001

* Complete Financial Statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 3,588,450**	**$ 3,353,165**	**$ 2,977,738**
Expenses			
Programs	3,162,780	2,674,503	2,404,811
Administration	630,000	618,046	491,222
Total Expenses	**$ 3,792,780**	**$ 3,292,549**	**$ 2,896,033**
Surplus (Deficit)	**$ (206,330)**	**$ 60,616**	**$ 81,705**
Balance Sheet			
Current Assets		$ 1,765,360	$ 2,064,473
Investments		1,000,000	1,000,000
Capital Assets		362,227	333,514
Total Assets		**$ 3,127,587**	**$3,397,987**
Current Liabilities		$ 371,462	$ 702,478
Net Assets			
Invested in Capital Assets		362,227	333,514
Internally Restricted Net Assets		1,000,000	1,000,000
Unrestricted Net Assets		1,393,898	1,361,995
Total Net Assets		2,756,125	2,695,509
Total Liabilities and Net Assets		**$ 3,127,587**	**$ 3,397,987**
Cash Flows			
Cash Flow From Operating Activities		$ 97,105	$ (494,240)
Cash Flows used in Investing Activities		(38,684)	(17,096)
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ 58,421	$ (511,336)
Cash Position Beginning of Year		113,250	624,586
Cash Position End of Year		171,671	113,250

SASKATCHEWAN SHEEP DEVELOPMENT BOARD

2213C Hanselman Court
Saskatoon, SK S7L 6A8
Phone: (306) 933-5200
Fax: (306) 933-7286
Web site: www3.sk.sympatico.ca/sksheep
Email: sheepdb@sk.sympatico.ca

The Board's Vision and Mission

Vision Statement

A sheep industry that is competitive and viable within sustainable agriculture, growing and responding to the global marketplace, offering alternative opportunities for production and processing, and access to diverse markets with producer and consumer support.

Mission Statement

To provide for the effective development of the Saskatchewan sheep industry and the promotion, regulation and marketing of sheep and sheep products.

Specific Aims of the Board are:

- to coordinate and inform the industry on matters relating to the production and marketing of sheep and sheep products;
- to promote harmony and communication within the industry;
- to develop the potential of the industry through extension, development of the market and the promotion of sheep products; and
- to ensure the provision of services required for the profitable marketing of sheep products.

Industry Issues

The Saskatchewan Sheep Development Board (board) has identified a number of difficult issues affecting the operations of the board. These include:

- inadequate check-off revenues;
- long term predation control;
- the need for a federally-registered slaughter facility in Saskatchewan; and
- the need to develop a value-added component to Saskatchewan's sheep production.

Administration and Finance

The board's system of internal control, legislative compliance and financial systems is examined annually by Lorne Horning, CA. Directors are responsible for establishing and maintaining a system of internal controls, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the board's regulations and orders, the check-off is $1 per sheep marketed in Saskatchewan. During the 2001 fiscal year, the board collected $33,413 in check-offs and had total revenues of $468,945. This is a decrease to approximately 73 per cent of 2000 check-off levels. As a development board, it does not refund levies to producers. Other revenues were derived from areas such as supply sales, seminars, handling and contributions.

Check-offs

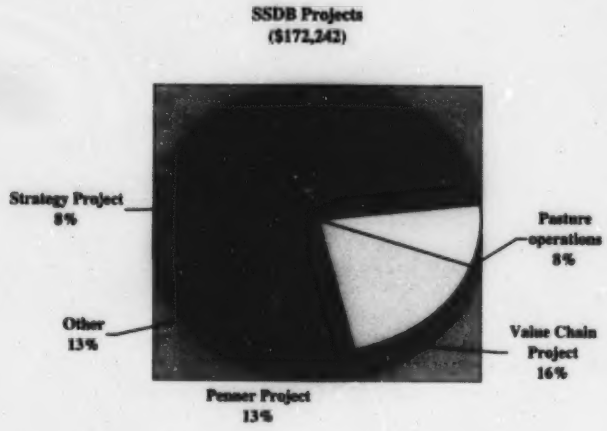
The check-off rate for 2001 was $1 per sheep marketed, unchanged from the previous year. Check-off revenues for the fiscal year ending September 30, 2001 were $33,413, down from the $45,730 collected in the previous fiscal year. In 2001, there were 65,473 registered breeding ewes and 1,304 producers registered with the board; an estimated 287 producers were not yet registered.

Check-off Revenue

Check-off Revenue	$33,413	$45,730	$34,022	$29,530

Research

In the 2001 fiscal year, the board invested $51,483 in research projects. The organization is continuing to look for projects that will add value to the producers' product.



Market Development

The board is working to create value added products and increase consumption of Saskatchewan sheep and lamb products. The organization is:

- researching value-added opportunities for provincial producers;
- implementing "Lamb Meat" promotion projects; and
- working with retail outlets to promote "Saskatchewan Lamb."

Extension and Communications

The board was involved with a number of extension projects in 2001. Seminars for the 2001 fiscal year included:

- Lambing Time Management;
- Butchering for the Home Freezer;
- Nutrition and Feeding;
- Carcass Evaluation;
- Sheep Economics; and
- Getting Started in Sheep.

Outlook for 2002

The board is positive about growth in 2002. The low capital investment and the quick return make sheep attractive.

The agency has cited financial concerns as an issue for the agency. To help alleviate the concerns, the agency is planning to tie check-off dollars with the price of the tags for National ID. The agency is also hoping to provide more market opportunities for producers in the coming year. Efforts are being made to attract a processing plant to the province and to increase the consumption of "Saskatchewan Lamb".

2001 Board of Directors

(fiscal year ending September 30, 2001)

Harry Harder, Chairperson, Clavet
Niall Campbell, Bjorkdale
Rex Furgeson, Maple Creek
Patrick Roche, Estevan
Beverly Davis, Coleville
Gord Schroeder, Executive Director, Saskatoon

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING SEPTEMBER 30, 2001

*Complete financial statements can be found in the agency's annual report.

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 281,500**	**$ 468,945**	**$ 421,436**
Expenses			
Programs	32,500	179,242	86,828
Administration	249,000	272,999	230,142
Total Expenses	**$ 281,500**	**$ 452,241**	**$ 316,970**
Surplus (Deficit)	**0**	**$ 16,704**	**$ 104,466**
Balance Sheet			
Current Assets		$ 180,723	$ 149,168
Investments		33,942	32,493
Capital Assets		5,594	8,875
Total Assets		**$ 220,259**	**$ 190,536**
Current Liabilities		$ 37,618	$ 21,319
Net Assets			
Invested in Capital Assets		5,594	8,874
Internally Restricted Net Assets		93,528	99,999
Unrestricted Net Assets		83,519	60,344
Total Net Assets		182,641	169,217
Total Liabilities and Net Assets		**$ 220,259**	**$ 190,536**
Cash Flows			
Cash Flow From Operating Activities		$ 29,630	$ 79,825
Cash Flows used in Investing Activities		(1,448)	(169)
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		28,182	79,656
Cash Position Beginning of Year		106,215	26,559
Cash Position End of Year		$ 134,397	$ 106,215

SASKATCHEWAN TURKEY PRODUCERS' MARKETING BOARD

502 - 45th St. West
Saskatoon SK S7L 6H2
Phone: (306) 931-1050
Fax: (306) 931-2825

The Board's Objective

To improve and stabilize producer returns.

Industry Issues

Key issues in 2001 included:

- increasing energy and feed prices;
- the general slow-down in the economy;
- keeping provincial production slaughter in Wynyard; and
- improving grades.

Turkey Production

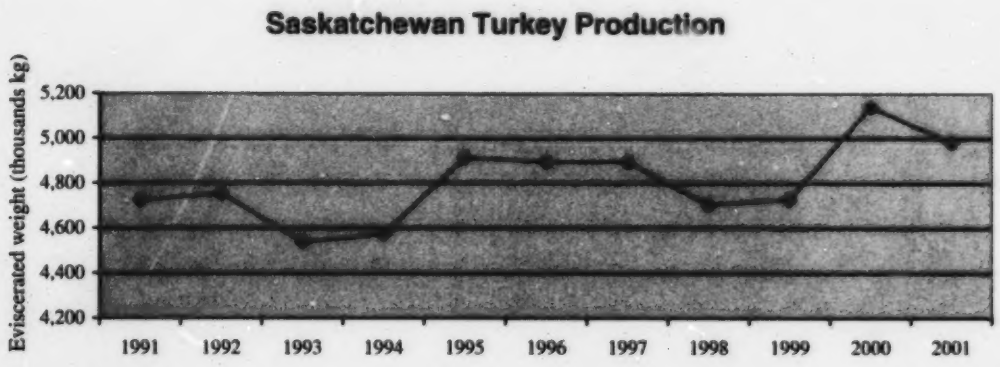
Turkey production in Saskatchewan totaled 5.9 million kilograms live weight in 2001, a decrease from 6.1 million kilograms in 2000. There were 20 producers licensed with the Board at the end of 2001. Total Canadian production fell from 151 million kilograms in 2000 to 148 million kilograms in 2001.

During 2001, three price changes were negotiated, generally realizing an increase in all categories of production. In a breakdown of marketing, hen production decreased 22 per cent, broilers increased 40 per cent and toms increased 45 per cent. Saskatchewan turkey producers are concerned that increasing chicken production in Saskatchewan may lead to less processing time at the Wynyard plant, meaning that an increased per cent of Saskatchewan's turkey slaughter could be transferred to Alberta. This was realized in 2001 as the percentage of turkey production shipped to Alberta for slaughter increased to 39 per cent.

Turkey Production
1995 – 2001 Distribution of Quota Holders

Kg/annum	2001	2000	1999	1998	1997	1996	1995
0 – 100,000	0	1	5	6	6	4	3
To 150,000	5	5	8	8	*	*	*
To 200,000	5	4	3	4	12	13	14
To 300,000	5	5	4	4	4	4	5
To 400,000	0	0	0	0	0	1	1
Over 400,000	5	5	4	4	4	3	3
Total Producers	20	20	24	26	26	25	26

*Stats for 1995-1997 only included a breakdown of producers between 100,001 kg and 200,000 kg.



Administration and Finance

The board's system of internal control, legislative compliance and financial systems is examined annually by Hergott Duval Stack & Partners. Directors and the management team are responsible for establishing and maintaining a system of internal controls, complying with applicable regulations, maintaining financial records and preparing financial statements.

In accordance with the board's regulations and orders, the check-off is $0.0385 per kilogram of turkey marketed. The check-off is mandatory and non-refundable. During the 2001 fiscal year, the board collected $261,256 in check-offs: $106,696 in provincial levies, $77,058 in national levies and $77,502 in generic marketing funds. This is an increase of approximately 3 per cent over last year.

The board employed one full time staff member in 2001.

Check-offs

The check-off rate was $0.0385 per kilogram, an increase from $0.036 per kilogram in 2000. There were 20 producers registered with the Board in 2001.

Check-off Revenue

Check-off Revenue	$261,256	$254,005	$217,154	$168,644	N/A

Market Development

Marketing and promotional activities in 2001 were similar to those in 2000. The agency worked with the national turkey organization on Turkey Tuesdays and the Generic Marketing Program. The goal of the current marketing activities is to increase consumption from the current per capita levels of approximately 4.1 kilograms to 6.3 kilograms in 2003. The turkey industry has realized a movement from whole to cut-up and processed product.

Provincially, the Board has continued to maintain strategic alliances and uses various advertising mediums, including print advertisements, brochure development, in-store-demo campaigns and sponsorship of fund-raising programs.

Extension

The board participated in a joint project with Saskatchewan's other feather boards. The project was developed to assist producers in reaching their production potential by addressing health and quality issues. The cost to the board for the project in 2001 was $12,261, a slight increase from 2000 costs.

Outlook for 2002

Saskatchewan's turkey producers are optimistic that 2002 will be a good year for the turkey industry. The industry is concentrating on reducing stocks from the higher levels in 2001. Efforts to increase consumption are also being made, as the National Generic Marketing Program enters its third year. Radio and print advertising, along with an in-store promotion campaign will be used in an attempt to better market turkey in Canada.

Board of Directors
(on December 31, 2001)

Dennis Billo, Chairperson, Bruno
Jack Rynsburger, Vice-Chairperson, Melville
Wayne Goodsman, Stalwart
Bev Rosher, Langham
Art Schmidt, Dalmeny
Rose Olsen, Manager

Financial Status

The board was successful in meeting all of the financial reporting requirements of the Provincial Auditor and Saskatchewan Agriculture and Food during the 2001 fiscal year, except for the submission of an auditor's report on compliance with authorities.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2001

	Budget 2001	Actual 2001	Actual 2000
Statement of Operations			
Revenue	**$ 274,725**	**$ 294,969**	**$ 286,471**
Expenses			
Programs	186,650	211,478	183,801
Administration	77,500	82,017	74,061
Total Expenses	**$ 264,150**	**$ 293,495**	**$ 257,862**
Surplus (Deficit)	**$ 10,575**	**$ 1,494**	**$ 28,609**
Balance Sheet			
Current Assets		$ 88,922	$ 73,912
Investments		33,201	30,000
Capital Assets		3,303	4,467
Total Assets		**$ 125,426**	**$108,379**
Current Liabilities		$ 49,864	$ 34,311
Net Assets			
Invested in Capital Assets		3,303	4,467
Internally Restricted Net Assets		0	0
Unrestricted Net Assets		72,259	69,601
Total Net Assets		75,562	74,068
Total Liabilities and Net Assets		**$ 125,426**	**$ 108,379**
Cash Flows			
Cash Flow From Operating Activities		$ 42,549	$ (9,938)
Cash Flows used in Investing Activities		(3,201)	(582)
Cash Flows used in Financing Activities		0	0
Net Increase (Decrease) in Cash		$ 39,348	$ (10,520)
Cash Position Beginning of Year		29,918	40,438
Cash Position End of Year		69,266	29,918

National Activities

NATIONAL MARKETING AGENCIES

The Saskatchewan Agri-Food Council (Council) is a signatory to three federal-provincial agreements (FPAs). These agreements provide the basis for operation of national marketing agencies for chicken, turkey and eggs. National agencies are producer driven supply management organizations with representation from downstream sectors. The primary mandate of the national agencies is to manage the supply of primary poultry products across Canada according to the terms of the FPAs. Saskatchewan is a member of the Chicken Farmers of Canada (CFC), the Canadian Egg Marketing Agency (CEMA) and the Canadian Turkey Marketing Agency (CTMA). Saskatchewan is not a member or signatory to the Canadian Broiler Hatching Egg Marketing Agency.

Each national agency allocates a Canadian quota among participating provincial commodity boards, who in turn allocate their provincial allotments to individual producers within provincial boundaries. The national agencies target production to meet market demand at a price that covers the average producer's cost of production plus a reasonable return on investment.

As a signatory to each of the FPAs, Council is responsible for participating in matters relating to monitoring the operation of national marketing systems and participating in activities to improve their performance. Council continued to cooperate with other supervisory agencies as a member of National Association of Agri-Food Supervisory Agencies (NAASA) to ensure steady progress is made in updating regulatory frameworks. Council also assists the National Farm Products Council (its counterpart at the national level) in its primary role as supervisor of the national marketing agencies.

In 2001, Council continued to participate in a process initiated by Provincial and Territorial Ministers of Agriculture in 1998 to renew the FPAs. Ministers directed NAASA to lead the renewal process to update and modernize the four poultry FPAs. It was important to ensure that the operations of national marketing agencies were fully renewed. The individual agencies have taken the lead role in drafting new operating agreements under the FPA structure. In June, 2001 the CFC was pleased to announce that all signatories had provided approval for their new FPA.

NATIONAL ASSOCIATION OF AGRICULTURAL SUPERVISORY AGENCIES

Saskatchewan continued to actively participate in 2001 as a member of the **National Association of Agri-Food Supervisory Agencies** (NAASA) whose mandate is as follows:

"To assist the agri-food industry by sharing information, providing direction and supporting an environment that promotes its development and prosperity."

In 2001, Council continued to participate in NAASA's most recent objective, that is, to oversee the completion of renewal of FPAs by each of the national marketing agencies. It remains important to ensure that the operations of national agencies are fully renewed. While the CFC has led the way with completion of their FPA, work continues with the three remaining FPAs.